



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

October 24, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF TREASURER AND TAX COLLECTOR AGREEMENT SALES (CHAPTER 8) COST RECOVERY FEES (ALL DISTRICTS – 3 VOTES REQUIRED)

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Establish a Preliminary Research Fee of \$100 per parcel for Public Agencies (Agencies) and Non Profit Corporations (NPC), which allows the Treasurer and Tax Collector (TTC or Department) to recover actual labor costs for the initial work associated with pre-screening Agencies and NPCs and notification, in writing, upon rejection or acceptance of their purchase proposal. For NPCs, it also includes assessing the viability of the purchase proposal.
2. Establish a Notification Fee of \$300 per parcel for Agencies and NPCs to allow full recovery of the actual costs incurred for providing official notification to property owners and parties of interest impacted by the agreement sale of tax defaulted secured properties that are subject to the power to sell.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will enable the Department to recover costs associated with the administration and sale of tax defaulted secured property that is subject to power to sell through the agreement process (Chapter 8). These fees represent the additional labor cost associated with preliminary research,

mailing notifications to the parties of interest and preparing newspaper publications. Before properties are eligible to be sold by the TTC to satisfy unpaid taxes, TTC is required to provide several other mailed and published notices. The costs of those notices and publications will continue to be included in the final purchase price.

Government Code section 54986(a) authorizes the Board of Supervisors to impose a new fee, if not otherwise prohibited, in an amount reasonably necessary to recover the actual costs incurred in performing these services and/or enforcing the applicable code sections discussed below. Accordingly, TTC recommends that your Board approve these actions.

Implementation of Strategic Plan Goals:

Approval of the proposed cost recovery fees supports the County's Strategic Plan Goal of "Fiscal Responsibility" by fully recovering actual costs.

FISCAL IMPACT/FINANCING

The establishment of the Preliminary Research Fee and Notification Fee will result in recovery of the aforementioned departmental costs.

FACTS AND PROVISIONS

State law, commencing with Chapter 8, Part 6, Division 1, of the Revenue and Taxation Code (R&T), allows any eligible public agency or qualified nonprofit corporations to initiate a purchase proposal to acquire tax defaulted property that is subject to the TTC's power to sell. Through this process, properties can be acquired without the necessity of bidding at a public auction or a sealed bid sale. Eligible Agencies are permitted to purchase the property for a variety of public uses. Qualified NPCs can purchase tax defaulted property for the express purpose of providing low income housing for sale or rental or to provide other limited services to benefit low income families.

TTC has the responsibility of administering all sales of eligible tax defaulted properties in Los Angeles County, including agreement sales (Chapter 8). TTC has 76 pending requests from NPCs to purchase tax defaulted property. The Department suspended review of these requests pursuant to your Board's direction that new Chapter 8 procedures be developed. The proposed new procedures for NPCs will be presented to your Board under separate cover. Parcels requested by Agencies have continued to be processed and are in various stages of completion.

Preliminary Research Fee:

Generally, the agreement sale begins when an Agency or NPC submits a written request to acquire a parcel that is subject to sell and a resolution documenting the parcel's intended use. Upon receipt of this request, TTC begins preliminary research. Due to the distinctions between Agencies and NPCs, the internal procedures for establishing agreements slightly differ. R&T Code Sections 121, 122 and 3772.5 define Agencies and NPCs and establish the criteria to purchase tax defaulted property that is subject to power to sell. Processes for Agencies and NPCs include pre-screening and notification, in writing, upon rejection or acceptance of their purchase proposal. For NPCs, it also includes assessing the viability of the purchase proposal and ensuring that the parcel itself is conducive to the intended use documented in the purchase proposal.

The Preliminary Research Fee of \$100 per parcel is a one-time fee that will be collected along with the written requests to purchase parcels subject to sale.

Notification Fee:

Pursuant to R&T Code Sections 3796 and 3799, the County is required to mail notices of the agreement sale of any tax defaulted property to all parties of interest, as defined by R&T Code Section 4675 (e.g., lien holder of record and/or any person with title of record). In order to comply with these notice requirements, TTC must identify property owners and/or parties of interest to each parcel and make reasonable efforts to provide written notice, by certified mail, to each of the parties prior to the sale.

R&T Code Section 3800 provides that the cost of giving notice of the agreement shall be paid by the purchasing Agency or NPC. With your Board's approval, the recommended Notification Fee of \$300 per parcel will be added to the purchase price of the property when the agreement becomes final.

The Preliminary Research Fee of \$100 and Notification Fee of \$300 per parcel will be assessed on all Chapter 8 purchase proposal requests received after your Board's action. NPCs requests will be returned to the originating organization in order to explain the new governing procedures and to update the available parcel list.

Review of Cost Analysis Methodology:

At TTC's request, the recommended Preliminary Research Fee and Notification Fee methodology and calculation have been reviewed and approved by the Auditor-Controller and County Counsel.

LEGAL REQUIREMENTS

Pursuant to Government Code Section 66018, a public hearing is required prior to the approval of a change to an existing fee. A notice of Public Hearing has been published by the Executive Office in accordance with Government Code Section 6062(a).

IMPACT ON CURRENT SERVICES

The proposed new fees will not impact current services.

CONCLUSION

Please instruct the Executive Officer/Clerk of the Board to return three (3) conformed copies of this Board Letter to the Treasurer and Tax Collector.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", with a stylized flourish at the end.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:HR:nh

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Executive Officer, Board of Supervisors